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POLITICAL, SOCIOLOGICAL AND MILITARY AFFAIRS

PRC STATE COUNCIL BULLETIN,

No. 20, 10 September 1984

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Beijing PRC STATE COUNCIL BULLETIN in Chinese No. 20, 20 Sep 1984

[This volume contains selected translations from the PRC STATE COUNCIL BULLETIN. Items that are cross-referenced or marked [Previously published] have appeared in other JPRS or FBIS publications.]

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CIRCULAR ON IMPROVING RURAL DRINKING WATER SUPPLY

Beijing STATE COUNCIL BULLETIN in Chinese No 20, 10 Sep 84 p 667

[State Council General Office Circular on the Approval and Circulation of Water Resources and Electric Power Ministry Report on Speeding up the Solution of the Problem of Drinking Water for Human and Animal Consumption in Rural Areas 13 Aug 84]

(Guobanfa [0948 6586 4099] (1984) No 67)

[Text] The Water Resources and Electric Power Ministry's "Report on Speeding up the Solution of the Problem of Drinking Water for Human and Animal Consumption in the Rural Areas" and its "Provisional Regulations on Work Concerning Drinking Water for Human and Animal Consumption in the Rural Areas" have been agreed to by the State Council, and are now issued to you; please carry them out.

Since the founding of the republic, all the various areas have done much work to solve the problem of drinking water for humans and animals, and have achieved certain results. However, development has been highly unbalanced, and in some areas even today drinking water for humans and animals continues to present a problem. The solution to this problem represents a great issue with a bearing on the personal interests of the masses and all areas must take it seriously. There must be tight control of this work and active support must be given in terms of financial and material power and technological guidance to find an early solution to this problem.

MINISTRY REPORT ON SOLVING RURAL DRINKING WATER PROBLEM

Beijing STATE COUNCIL BULLETIN in Chinese No 20, 10 Sep 84 pp 662-665

[Report by the Ministry of Water Resources and Electric Power on Speeding up the Solution of the Problem of Driking Water for Human and Animal Consumption in Rural Areas (Summary) (13 Jul 84)]

[Text] Over the past few years, deputies of the NPC and members of the CPPCC have put forward many plans for the solution to the problem of drinking water for human and animal consumption in the rural areas. Some veteran comrades have returned to their regions of origin to investigate and conduct on-the-spot research, and have found that even today some areas have not yet found a solution to the problem. In our opinion, this is indeed a serious matter. We herewith present the following report on the state of progress of the work, and opinions on it:

I

In some areas of China, there has been a shortage of water far back in history, and in many years there have been severe droughts. The major areas concerned are the mountainous regions, the high loess plains, the coastal regions and the pastoral areas. Most of these regions are old revolutionary base areas, national minority regions or poor border regions. Water shortages in these areas create great difficulties in the production and lives of the indigenous masses.

Following the liberation, under the leadership of the various levels of government, the water resources departments did much work to solve the problem of drinking water for the consumption of humans and animals in the rural areas. Previously, this work involved mainly the construction of water resources facilities, and by 1979 this work had solved the drinking water problems of 40.5 million people, an average of 1.33 million people per year. Following the 3d Plenum of the 11th CPC Central Committee, our ministry gave more importance to this work, and convened a special conference to sum up and exchange experiences, which culminate in the formulation of the "Provisional Regulations Concerning Work on Drinking Water for Human and Animal Consumption in the Rural Areas" (Draft). Training classes were held in finding water resources, and as of 1979 part of the subsidies for irrigation of small fields was designated specially for drinking water. Over the last few years, this work has progressed rapidly, and from 1980 to 1983, the drinking-water problems of 26.55 million people were solved, an average of 6.63 million people per year.

Certain provinces and regions took the drinking water problem particularly seriously. For example, special persons were appointed in water resources departments of Shanxi Province to take charge of the work, and an annual total of 15 million yuan was allocated from the small fields irrigation subsidies and local finances for the drinking-water problem. As a result, the province has solved the problem for 6.7 million people. Gansu Province adopted the method of residents running projects with government help. The work of digging wells was given serious attention, and now over 440,000 such wells have been dug, which has solved the drinking water difficulties of 950,000 people. In some areas of Heilongjiang Province, the flourine content of water resources exceeded the level stipulated in state regulations, so they linked the solving of the drinking-water problem with the work of reducing the flourine content in water, and in this way solved the problem for over 2.8 million people. At the same time, they relied on the masses to build nearly 2,000 running water projects in the countryside, so that now nearly 1 million people are enjoying running water. In addition, this work has been given serious attention in the provinces and autonomous regions of Shandong, Guangxi, Fujian, Shaanxi, Qinghai and Yunnan, with relatively rapid progress in consequence.

II

The major problems currently involved in the work of finding drinking water for human and animal consumption are as follows:

1. The task from now on remains a large one. According to statistics produced in late 1983, there remain over 56 million people for whom the problem of drinking water has not yet been solved, and with the exception of Shanghai Municipality, all other provinces and autonomous regions experience water shortages to a greater or lesser degree. Of these, 19 provinces or autonomous regions, have water problems for over 1 million people. The difficulty involved in solving the problem is relatively great in certain mountainous areas and loess plateaus. Moreover, even if the problem is solved, it will reoccur in case of extreme drought.

2. Development is highly unbalanced.

3. Due to serious water pollution, in some areas the number of people and animals suffering water shortages is still on the increase. According to incomplete statistics from Shanxi Province, by late 1983, the number of people suffering from water shortages has increased due to shortages or pollution created by the opening of mines or factory construction.

III

The broad masses in areas with drinking water difficulties urgently require all levels of government to deal seriously with this problem. Most of these areas are old revolutionary base areas, national minority areas or border region, and need serious attention. In response to this, we ask all areas to adopt realistic and effective measures to basically solve the drinking water problem by 1990.

1. Leaders at all levels must make this work an important part of their agenda, and allocate special persons to take charge of it. Solution of the drinking-water problem for people and animals is related to the technology for finding water, engineering project construction, water-quality inspection, materials for equipment and facilities, and the allocation of funds. It, therefore, requires the close cooperation and coordination of all the various departments concerned to speed up the pace of this work.

2. A plan must be drawn up and carried out to solve the drinking water problem. Each area which does not have such a plan must, on the basis of clarifying the situation in all relevant areas, concentrate on the work of drawing up such a plan from bottom levels to top levels. When doing so, we must definitely start from the real situation, make a thorough inspection of the state of water resources and, on the principle of starting from low standards and working up to higher standards, organize work in groups in a planned way. In those areas which can solve the problem through small-scale projects, such as digging wells and pits, building dams and ponds, we should not place hopes on building huge projects. In order to guard against massive droughts, certain basic water resources projects may be undertaken as appropriate. Those areas which already have plans must diligently ascertain that these plans are realistic, and solve problems as they occur.

3. Policies must be broadened and made more flexible so as to encourage commune members to run drinking-water projects themselves. In those areas with existing dry wells, pits and ponds and other small-scale drinking water projects, all those which are collectively owned and which can be transferred to commune members to be run should be thus transferred. All drinking water projects built from now on should be handled without exception on the basis of belonging to whoever builds them, and being managed by whoever uses them. As to existing large drinking-water projects, various types of contract responsibility system may be adopted, such that eventually we arrive at a situation of personal responsibility for profit and loss.

4. Active support must be provided in terms of funds, materials and equipment. When building drinking-water projects most areas must rely on gathering funds and labor from the masses, in the spirit of self-sufficiency. But in those areas with relatively great economic difficulties and difficulties in constructing water facilities, it is necessary to provide the support needed. After the reform of the financial system, the subsidies for agricultural irrigation have mostly been contracted out to the localities, with the exception of the Beijing, Tianjin and Shanghai municipalities. All the various areas must guarantee funds for drinking-water projects. In addition, appropriate steps must be taken to provide support funds for opening up undeveloped regions and managing local finances.

5. Water resources must be protected and pollution prevented. In all those areas in which commune members have come to experience drinking-water difficulties due to the construction of mines, factories or other capital construction, we must follow the principle of responsibility being taken by whoever built the facilities or caused the pollution.

In August 1980, the then State Agricultural Commission approved and circulated the Water Resources Ministry's "Provisional Regulations on Work Concerning Drinking Water for Human and Animal Consumption in the Rural Areas" (draft), and after several years of trial use, we have made the appropriate amendments. We are now issuing it, and if it is seen to have no inappropriate parts, please circulate it among all areas for implementation.

PROVISIONAL REGULATIONS ON RURAL DRINKING WATER ISSUED

Beijing STATE COUNCIL BULLETIN in Chinese No 20, 10 Sep 84 pp 665-666

[Provisional Regulations of the Ministry of Water Resources and Electric Power on Drinking Water in Rural Areas for Human and Animal Consumption (13 Jul 84)]

[Text] The problem of drinking water for human and animal consumption in the rural areas is one of the problems left over from history. Following the revolution, though great achievements were made in the work of solving this problem, there are still tens of millions of people in China's rural areas for whom the problem of drinking water has not yet found solution. The proper handling of construction work on water resource projects in areas which experience water shortages is an important part of water resources work, with a bearing not only on the lives and production of the masses, but on relations between the party and the masses, the two civilizations construction and the achievement of the four modernizations. In order to hasten the solution of this problem, the following special regulations have been drawn up:

1. The scope of solving the rural water-shortage problem refers to solving the problem of water used by commune members in rural areas (including pastoral areas and fishery areas). Water-shortage problems in state-run agricultural, forestry and animal husbandry areas, village enterprises and concerns, and in cities above county level, should be solved by the units themselves; where the conditions exist, water resources departments can also provide resources, and collect charges according to consumption.

2. Short-term standards for water shortages for humans and animals refer to villages or stockaded villages situated from 1 to 2 km or more from the nearest water source, or at a height more than 100 m higher than the nearest water collection point. Those villages which do not meet these criteria will for the present not be classed in the category of having drinking water difficulties.

3. Drinking water criteria. In times of drought, in the north, the supply of 10 kg of water per person per day; in the south, 40 kg of water per person per day. Daily provision of water for large livestock, 20 to 50 kg per head per day; for pigs and sheep, 5 to 20 kg per head per day. In those areas which have an average annual rainfall of 60 cm or above, and which use dry

wells and pits, it is appropriate to store enough water for 1 or 2 years. In the southern region, drinking water can be assured if there is no rainfall for 70 to 100 days.

4. The construction of drinking-water facilities should be based on the way in which the population is dispersed; measures should be suited to local conditions and substantial results stressed. At the same time, we should follow the principle of starting with the basis of the lowest criterion, and raising it later. Distinctions should be made between the degree of seriousness and urgency of each project, and overall plans made.

5. The rights of ownership over drinking-water facilities will not change for a long time. Such facilities will belong to whoever built them, and be managed by whoever uses them. Dry wells, pits and ponds built by commune members will be owned individually, and the water thus stored be owned by those individuals; no unit is allowed to transfer these resources, and no individual is permitted to infringe on these ownership rights.

6. Self-sufficiency should be practiced as far as possible in terms of the funds, materials and equipment needed for construction of drinking-water facilities with the state providing subsidies where necessary as a subsidiary to this main principle. In areas where greater difficulties are experienced, more aid should be given, and vice versa, and when no difficulties are experienced no subsidies should be given. In cases where commune brigades really have difficulties in raising funds themselves, special arrangements for special loans may be made in keeping with the spirit of the National Conference on Water Resources of 1979, which stipulated that "those expenses for small-scale agricultural fields irrigation, and even basic water resources construction fees, should be used first to solve the drinking-water problem." Money may also be sought from local finances and other funds. Commune members should be encouraged to build individual drinking water facilities, while the state and the collective may, according to the situation, give appropriate aid in terms of materials and funding. In cases of cooperative efforts between villages and townships to build and run drinking-water projects, it is necessary to resolutely uphold the principles of voluntariness and mutual benefit, and exchange at equal value, with work and fund raising shared according to the amount of benefit to be gained by each side.

7. In principle, the state should give aid only once for the funds, materials and equipment needed for drinking-water facilities built to solve commune members' needs. The maintenance and repair of these facilities, or losses due to defective management, should be solved by townships and villages, while the state shall in general give no further subsidies.

8. All changes or pollution of water resources occurring as a result of mining, factory construction or other capital construction which lead to drinking-water difficulties for commune members should be the responsibility of those who carried out the construction or created the pollution.

9. Management of drinking-water construction should be strengthened. Collectively run or cooperatively run drinking-water projects must all have a management organization established and management personnel appointed,

while a system should be established for the management of conservation, maintenance, water resources protection and water utilization. The "five fixes" should be carried out with respect to management personnel (personnel, tasks, expenses for energy consumption and maintenance, income and rewards), and a system of rewards and punishments set up, or a contract responsibility system set up. In order to minimize the burden on the masses, economies must be made in the use of water, and in general some payment exacted for water used. Management centers must create the conditions for the development of mixed management, increase of income, and achievement of self-sufficiency.

10. All levels of the Water Resources Ministry must strengthen leadership over the work of solving the problem of drinking water. In areas where the task of solving this problem is great, there must be special persons appointed to take charge of this work. For townships, villages or people who actively organize and participate in the work of solving the drinking-water problem, and who achieve outstanding results, rewards and medals should be awarded. Those units or individuals who damage water resources or drinking-water facilities should be investigated by the local people's government and blame apportioned, while those who cause great losses or consequences should be dealt with according to the law.

All provinces, autonomous regions, and municipalities may draw up concrete measures and methods based on the above regulations.

TEXT OF PRC-JAPAN ACCORD ON DOUBLE TAXATION, TAX EVASION

Beijing STATE COUNCIL BULLETIN in Chinese No 20, 10 Sep 84 pp 667-684

[Agreement Between the PRC Government and the Japanese Government on Avoiding Double Taxation and Preventing Tax Evasion*]

[Text] The Government of the PRC and the Japanese Government have willingly concluded the following agreement on avoiding double taxation and preventing tax evasion:

ARTICLE I

The agreement applies to persons who are residents of one or are simultaneously residents of both of the signatory nations.

Article II

1. The agreement applies to the following types of tax:

A. In the PRC:

1. Personal income tax;
2. Joint Chinese-foreign enterprise income tax;
3. Foreign enterprise income tax;
4. Local income tax. (henceforth referred to as "Chinese tax revenue")

B. In Japan:

1. Income tax;
2. Corporation tax;
3. Residents tax. (hereafter referred to as "Japanese tax revenue")

2. The agreement also applies to similar tax revenues added to or replacing those in Para 1 after the date on which the agreement is signed. The authorities concerned in the signatory states will inform the opposite side of any changes in their taxation laws within an appropriate time after those changes are made.

* The Chinese and Japanese sides exchanged diplomatic notes on 28 May 1984 to confirm that both sides have carried out the processes of law necessary to put this agreement into effect. The agreement took effect on 26 June 1984.

Article III

1. In this agreement, except when otherwise explained:

A. "The People's Republic of China," when used in its geographical sense, refers to the whole of the territory of the People's Republic of China subject to Chinese tax revenue, including territorial waters, and all of those areas outside its territorial waters, including seabeds which have been designated under international law as being part of the jurisdiction of the PRC and subject to Chinese tax.

B. "Japan" when used in its geographical sense refers to all Japanese territory which is subject to Japanese tax revenues, including territorial waters, and all those areas outside its territorial waters, including seabeds, which have been designated under international law as being part of the jurisdiction of Japan and subject to Japanese tax.

C. "The signatory state" and "the other signatory state," in this document, refer to the PRC or Japan;

D. "Tax revenue" in this document refers to Chinese or Japanese tax revenue;

E. "Person" includes individuals, companies or other groups;

F. "Company" refers to any corporation or other entity which is treated as a corporation in terms of tax revenue;

G. "Enterprise of a signatory state" and "Enterprise of the other state" refer respectively to an enterprise run by residents of one or the other signatory state;

H. "National citizen" refers to all individuals of the nationality of one or the other of the signatory states, and all corporations established or organized according to the law of either of the signatory states, along with all noncorporate bodies regarded in terms of tax revenues of either signatory state as a corporation established or organized according to the law of either signatory state;

I. "International transport" refers to transportation by ship or airplane by any signatory state enterprise, not including transportation between the regions of the other signatory state by ship or airplane;

J. "Competent authorities," in the PRC, refers to the Ministry of Finance or its authorized representative; in Japan, it refers to the Minister of Finance or his authorized representative.

2. When a signatory state is putting this agreement into effect, in the case of wording which has not been clearly defined in this agreement, other than such wording as is explained elsewhere in this document, it should be taken to have the meaning implied in the taxation laws and regulations of the signatory state.

Article IV

1. In this agreement, "residents of the signatory state" refers to all persons subject to taxation in the signatory state, whether by dint of residence, citizenship, or the existence of a head office or main office in that state, or other similar criteria.

2. In the case of an individual who according to Par 1 is a resident of both signatory states, the signatory states' component authorities should, by way of an agreement, define the person as a resident of one signatory state.

3. Any person, other than an individual, who according to Par 1 of this agreement is designated as a resident of both signatory states, should be considered a resident of the country in which his head office or main office is resident.

Article V

1. In this agreement, "permanent body" refers to a fixed place in which all or part of a business is carried out.

2. "Permanent body" includes in particular:

A. place of management;

B. a branch organization;

C. office;

D. factory;

E. place of work;

F. mine, oilwell or gaswell, quarry, or other place for the extraction of natural resources.

3. Construction sites, buildings, assembly or installation projects, or other activities concerning supervision and management which continue for over 6 months shall be designated as permanent bodies.

4. "Permanent bodies" though so designated about, do not include the following:

A. facilities set up especially for the storage, display or transfer of goods belonging to the enterprise concerned;

B. warehouses set up especially for the storage, display or transfer of enterprise goods;

C. warehouses set up specially for the purpose of storing the enterprise's goods or products to be processed for another enterprise;

D. fixed business places set up for the purpose of purchasing an enterprise's goods or commodities, or collecting information;

E. fixed places of business set up for the sole purpose of carrying out an enterprise's preparatory or supplementary activities.

5. Advisory services provided by an enterprise of one signatory state through employees or other personnel in the other signatory state, apart from those independent agents stipulated in Par 7, if these services continue for more than 6 consecutive months within any 12-month period (assuming they are aimed at the same project or two or more linked projects) should be considered as a permanent body in that signatory state.

6. Over and above the stipulations of Pars 1 and 2, apart from the independent agents to whom Par 7 applies, when an individual carries out activities in one signatory state representing an enterprise of the other signatory state, if he comes under one of the conditions set out below, any activity he carries out for this enterprise should mean that the enterprise concerned by regarded as having a permanent body established in the said signatory state:

A. this person has the right in this signatory state, and regularly exercises this right, to represent his enterprise in signing contracts. Unless this person's activities are limited to within the regulations of Par 4, that is, that they are carried out within a fixed place of business, then according to the stipulations of Par 4, this fixed place of business is not regarded as a permanent body.

B. this person wholly or almost wholly represents the enterprise in the said signatory state, or regularly accepts goods orders for the said enterprise or other enterprises under its control.

7. If an enterprise of one signatory state only employs a broker, ordinary agent paid by brokerage free, or any other independent agent, to carry out this business in the other signatory state, this should not be regarded as having a permanent body in the other signatory state.

8. If a company resident in one signatory state controls or is controlled by a company resident in the other signatory state, or any other company doing business in the other signatory state (whether or not this is done through a permanent body), this cannot be taken as evidence that one company is a permanent organization of the other company.

Article VI

1. Income derived by a resident of one signatory state from real estate in the other signatory state can be taxed by the other signatory state.

2. "Real estate" should have the meaning implied in the regulations of the country in which the real estate is situated. Under any conditions, this meaning should include assets, livestock and equipment for agricultural and forestry use, all rights generally designated by law to apply to property, usage rights over real estate and to fixed or nonfixed income from the tapping of mineral deposits, water resources and other natural resources. Ships and airplanes should not be treated as real estate.

3. The stipulations of Par 1 apply to income derived from direct use, hiring or other forms of use of real estate.

4. Stipulations in Pars 1 and 3 also apply to income from real estate belonging to enterprises and income from real estate used to carry out independent individual labor.

Article VII

1. Profits from an enterprise of a signatory state should only be taxed by that signatory state, with the exception of cases in which the enterprise carries out business in the other signatory state through a permanent body located there. If this is the case, the profits thus gained may be taxed by the other signatory state, but taxation will be limited only to profits gained by the permanent body.

2. In accordance with Par 3 if an enterprise of a signatory state carries out business in the other signatory state through a permanent body stationed there, this permanent body should be regarded as an independent enterprise doing the same kind of business in the same kind of conditions, and should be completely independent from enterprises under the jurisdiction of the permanent body; while the income earned by the permanent body should be regarded as belonging to the permanent body.

3. When ascertaining profits gained by the permanent body, it must be permitted to deduct from the total figure all expenses incurred in doing business, including administration and general management costs, whether these arise in the country in which the permanent body is situated or anywhere else.

4. If a signatory state has the normal practice of calculating the overall profits of an enterprise and dividing them up among that enterprise's subordinate units as a way of ascertaining the profits of a permanent body, Par 2 by no means prohibits that signatory state from using this practice to calculate taxable profits. However, the results of the use of such a method should be in line with the principles outlined in these regulations.

5. Profits should not be attributed to a permanent body simply because that body carries out the purchasing of goods or commodities for the enterprise.

6. In connection with Pars 1 to 5, the same method should be used every year to determine the profit attributed to a permanent body, unless changes are necessary for appropriate and good reasons. If profits include income covered in regulations independent to this agreement, this agreement should not influence those other regulations.

Article VIII

1. Profits earned by an enterprise of a signatory state through international sea or air transportation should only be taxed by that signatory state.

2. If an enterprise of a signatory state carries out international air or sea transportation business, if that enterprise is a PRC enterprise, it should be exempt from business tax in Japan; if it is a Japanese enterprise, it should be exempt from the type of PRC tax similar to the business tax levied by the Japanese Government.

3. Pars 1 and 3 also apply to profits gained from participation in partnerships and joint ventures or participation in international business organizations.

Article IX

A. If an enterprise of a signatory state directly or indirectly participates in the management, control or financing of an enterprise in the other signatory state, or

B. the same person participates directly or indirectly in the management, control or financing of an enterprise in both signatory states, under either of the above conditions, the commercial or financial relations between the two enterprises concerned are different from the relations between two independent enterprises, and therefore, if an enterprise due to this situation fails to earn profits it would otherwise have earned, such profits may be calculated as belonging to that enterprise, and taxed accordingly.

Article X

1. If a company resident in one signatory state pays dividends to a resident in the other signatory state, these may be taxed by the other signatory state.

2. However, these dividends can also be taxed by the first signatory state in accordance with the law given that the company paying the dividends is resident in that signatory state. But if the payee is also the beneficiary of this dividend, the sum taxed should not exceed 10 percent of the total sum of the dividend.

The regulations of this paragraph should not affect the company profit tax exacted from the company before it pays its dividends.

3. In this article, "dividends" refer to the income gained from shares or from the rights to enjoy profits from nondebenture relations, and, when a company is regarded by a signatory state as a resident in terms of its tax laws, to the income from other company rights regarded as taxable in the same way as share income.

4. If the beneficiary of dividends is a resident of one signatory state and carries out business through a permanent body established in the other signatory state of which the company paying dividends is a resident, or is involved in independent individual business through a fixed base established in the other signatory state, and has actual contacts with that permanent body or fixed base on the basis of payment of dividends on shares or other company rights, it is not subject according to actual conditions to arts VII or X.

5. If a company resident in one signatory state gains profits or income from the other signatory state, the other signatory state should not exact any taxation on the dividends paid by the company. However, this ruling does not apply in the case of dividends paid to residents of the other signatory state or in the case of a company having actual contacts with permanent bodies or fixed bases in the other signatory state based on shares on which dividends are paid or based on other company rights. In the case of profits not yet distributed to the company, that is, when profits or income from dividends paid or profits not yet distributed occur wholly or partially in the other signatory state, they should not be taxed by the other signatory state.

Article XI

1. Interest which occurs in one country and is paid to a resident of the other signatory state may be taxed in the other signatory state.

2. However, this interest can also be taxed by the signatory state in which it occurs, according to the laws of that signatory state. But if the payee is also the beneficiary of the interest, the amount of tax should not exceed 10 percent of the total sum of interest.

3. Despite the regulations of Par 2, in the case of interest arising in one signatory state and gained by the government, local authorities or other central bank of the other signatory state or by financial organs of that government, or interest gained by a resident of the other country, and its debenture is paid with funds provided by the government, local authorities or central bank of the other signatory state or by financial organs of that government, this interest should be tax-free in the said signatory state.

4. "Interest" in this article refers to income from all types of debenture, whether or not it has mortgage guarantees or whether or not it enjoys profits from debtors; in particular, income from debentures, government bonds, or credit debentures, including excess value and bonuses.

5. If the beneficiary of interest is a resident of one signatory state and interest arises in the other signatory state, if business is carried out by a permanent organization in the other signatory state or individual business is carried out from a fixed base in the other signatory state, and the business has actual contacts with the said permanent body or fixed base on the basis of creditor's rights over the said interest, the regulations of Paras 1,2 and 3 do not apply. Under these conditions, the regulations of Articles VII or X should apply, depending on concrete conditions.

6. If the person paying interest is the government of the signatory state, or it local authority or resident, the interest should be considered to have occurred in the signatory state. However, when the payer of the interest, whether or not he is a resident of the signatory state, has a permanent body or fixed base in the signatory state, and debt liabilities for the interest are connected with the permanent body or fixed base, then the above interest should be considered to have occurred in the signatory state in which the permanent body or fixed base is located.

7. If, due to special relations between the payee of interest and the beneficiary or between them and other people, the amount of interest involved in credit payment exceeds an amount which could be agreed upon if it were not for the above relations, the regulations of this article should only apply to figures raised afterward. Under these conditions, tax should be exacted by the signatory state on this excess amount, but appropriate attention should be paid to the other regulations in this agreement.

Article XII

1. Royalties arising in one signatory state but paid to a resident of the other signatory state may be taxed by the other signatory state.

2. However, these royalties can also be taxed in the first signatory state according to its laws. But if the payee is the beneficiary of these royalties, the amount taxed should not exceed 10 percent of the total amount of royalties.

3. "Royalties" in this article refer to expenses paid for the use or the right to use cultural, artistic or scientific works, including publishing rights of films and tapes used in radio or television broadcasts, along with patents, registered trademarks, designs, prototypes, blueprints, or secret processes, and also the use or right to use industrial, commercial or scientific equipment or information related to industrial, commercial or scientific experience.

4. If the beneficiary of these royalties is a resident of one signatory state, when these royalties arise in the other signatory state, if actual relations exist with the payee of the royalties through permanent bodies or fixed bases in the other signatory state doing independent business on the basis of the royalties that they pay for the use of rights or properties, then Pars 1 and 2 do not apply. Under these conditions arts VII or XIV should apply, depending on concrete conditions.

5. If the payer of the royalties is the government, local authorities or residents of one signatory state, these royalties should be considered to have arisen in this signatory state. However, if the payer of the royalties, whether or not he is a resident of the signatory state, has a permanent body or fixed base in that signatory state, and the payment of the royalties is related to this permanent body or fixed base, and these royalties are paid by the body or base, the royalties should be considered to have arisen in the signatory state in which the permanent body or fixed base is located.

6. If due to special relations [illegible] between the payer of the royalties and the beneficiary or [illegible] people, the royalties paid exceed the amount which the payer and the beneficiary would agreed to were it not for the special relations, the provisions of this article should apply to the excess figure. Under these conditions, the excess part of the sum should still be taxed according to the laws of each signatory state, but attention must be paid to the other [illegible] agreement.

1. Income derived by the [illegible] signatory state through sales of real estate located in the other signatory state, as stipulated in Article VI, may be taxed in the other signatory state.

2. Income derived by an enterprise in one signatory state from the sale of the assets other than the real estate of its permanent body in the other signatory state or income derived [illegible] of a signatory state from the sale of assets other than the [illegible] in the other signatory state where he [illegible] business, including the sale of the permanent body [illegible] to the entire enterprise) or the fixed base, may be [illegible] signatory state.

3. Income derived by a resident of the signatory state from the sale of ships or airplanes involved in international transportation, or the sale of assets outside the real estate which are part of the business of the above ships and airplanes, should only be taxed by that signatory state.

4. Income derived by a resident [illegible] signatory state from the sale of assets not covered in para[illegible] 3, [illegible] in the other signatory state, may be taxed by that other signatory state.

1. Income derived by a resident of [illegible] signatory state from specialized business or other independent activities should be taxed by that signatory state, unless the said resident has established in the other signatory state a permanent body or fixed base [illegible] carrying out the above activities, or unless it has stayed [illegible] 183 days of stay in the other signatory state during the relevant years. If the said resident has the above-mentioned fixed base or [illegible] the above amount of time in the other signatory state, his income [illegible] taxed by the other signatory state, but this is limited to the [illegible] fixed base, or the income derived through the above [illegible] to the other signatory state.

2. "Specialized business" [illegible] independent scientific, cultural, artistic, educational, [illegible] activities, along with independent activities carried out by medical [illegible], lawyers, auditors, construction engineers, dentists or [illegible].

Article XV

1. Where arts XVI, XVII, XIX, XX and XXI do not apply, salaries, wages and other remunerations earned by residents of one signatory state through employment, apart from those derived from employment in the other signatory state, should only be taxed in the first signatory state. Remunerations earned in the other signatory state may be taxed in the other signatory state.

2. Despite the regulations of Par 1, remunerations received by the resident of one signatory state through employment in the other signatory state, if they comply with the three following conditions, should only be taxed by the first signatory state:

A. the payee has spent a total of less than 183 days in the other signatory state over the year in question;

B. the said remuneration is not paid by an employer of the other signatory state or its representative;

C. the said remuneration is not paid by a permanent body or fixed base of the employer in the other signatory state.

3. Despite the regulations of pars 1 and 2, remunerations received through employment in an enterprise of one signatory state which is involved in international air or sea transportation, may be taxed by that signatory state.

Article XVI

Director's fees and other similar payments received by the resident of one signatory state through being a member of a board of directors of a company resident in the other signatory state may be taxed by the other signatory state.

Article XVII

1. Despite the regulations of arts XIV and XV, income derived by an individual of one signatory state through being a performer, such as a play actor, film actor, radio or television actor, or other artist, musician or sportsperson, in the other signatory state, may be taxed by the other signatory state.

However, if the individual takes part in these activities under the agreement of both signatory states for cultural exchange plans, the income should be tax free in the other signatory state.

2. Despite the regulations of arts VII, XIV, and XV, income derived by performers or sportspersons in one signatory state, which do not belong to the performer or sportsperson himself but to other people resident in the other signatory state, then the income may be taxed by the first signatory state.

However, if these activities come about as a result of an agreement between the two signatory states on cultural exchange programs, the income should be tax-free in the first signatory state.

Article XVIII

Where para 2 of Art XIX does not apply, retirement fees or other similar remunerations given to a resident of one signatory state in respect of previous employment, should be taxed by that signatory state.

Article XIX

1. A. Remunerations given by the government or local authorities of one signatory state to a person providing service to the government, other than retirement payment, should be taxed by that signatory state.

B. However, if the service for which the person is paid is carried out in the other signatory state, and the individual involved is a resident of the other signatory state, and if that resident:

a) is a citizen of the signatory state; or

b) is not only a resident of that signatory state by virtue of carrying out the said service,

then the said remuneration should only be taxed by the other signatory state.

2. A. Retirement pay given to an individual after he has carried out services, by the government or local authorities of one signatory state or from a foundation set up by it, should be taxed only by that signatory state.

B. However, if the person providing the services is a resident of the other signatory state, and is its citizen, then the retirement pay should only be taxed in the other signatory state.

3. The regulations of articles XV, XVI, XVII and XVIII should apply to all remunerations and retirement pay gained from services rendered to any undertaking sponsored by the government or local authorities of a signatory state.

Article XX

Any person who is, or was before coming directly to one signatory state, the resident of the other signatory state, if he resides temporarily in the first signatory state with the main aim of being involved in teaching, giving lectures or research in a university, college, school or other officially reorganized educational institute in the first signatory state, if he stays no longer than 3 years from his first trip to that state, any remunerations he receives for his teaching or research work should be tax-free in that state.

If a student, enterprise apprentice or trainee is, or was before coming directly to the signatory state, the resident of the other signatory state, and only stays in the first signatory state for the purpose of receiving education, training or other special technical experience, the money or income he receives for the sole purpose of living, receiving the education or training, should be tax-free in the first signatory state.

1. All the income gained by a resident of one signatory state in the other signatory state, if none of the above regulations apply, may be taxed by the other signatory state.

2. However, the income gained by a resident of one signatory state, if the above regulations do not apply, apart from what is mentioned in Par 1 of this article, should be taxed by the [illegible].

3. Income [illegible] Art VI, Par 2, if the payee is a citizen of one signatory state, but carries out business in the other signatory state through a permanent organization in that other signatory state, or is involved in independent business in the other signatory state through a fixed base in that signatory state, and has actual contact with a permanent body or fixed base based on account of the right to acquire income or assets, then paras 1 and 2 do not apply. Under these conditions, Arts VII or XIV should apply according to specific circumstances.

1. In the PRC, the following [illegible] be exempt from double taxation:

A. [illegible] into the tax revenue of Japan on the income that he or she gains in Japan should be allowed to be deducted from the amount of tax that he is to pay in China. However, the amount to be deducted should not exceed the [illegible] that is to be taxed on the said income according to calculations [illegible] regulations of the PRC.

B. [illegible] Japanese resident company [illegible] said PRC resident company possesses not less than [illegible] shares in the dividend paying company, the above-mentioned deduction should take into account the tax paid by the company paying the dividend to Japanese tax revenue.

2. Subject to relevant Japanese taxation laws on the subject of taxing foreign companies located in Japan but also taxed by their own countries:

A. Income earned by Japanese [illegible] in the PRC, may be taxed by the PRC, according to the stipulations of this agreement. The amount of tax revenue exacted by the PRC for this income may be deducted from the tax that is exacted on this resident by Japan. However, this amount of deduction should not exceed the commensurate amount exacted by Japan on this income.

B. If the income earned in the PRC comes from share dividends paid to a Japanese resident company by a PRC resident company, and at the same time the said Japanese resident company holds not less than 25 percent of the voting or issued shares of that dividend-paying company, the deduction should take into account the tax on this income that the dividend-paying company pays into Chinese tax revenues.

3. Of the tax deduction described in the Clause A Par 1, the following Chinese tax should be considered as already paid:

A. In the case of dividends to which Art X Par 2 applies, tax rate on dividends paid by Chinese-foreign joint enterprises, is 10 percent while that on other dividends is 20 percent;

B. In the case of dividends to which Art XI, Par 2 applies, the tax rate is 10 percent;

C. In the case of royalties to which Art XII, Par 2 applies, the tax rate is 20 percent.

4. In Par 2, "Chinese tax revenues" should be considered to include the amount of Chinese tax that would be levied if the following regulations did not exist to give tax exemptions, reductions, or reimbursments;

A. "Income Tax Law for Chinese-Foreign Joint Ventures in the PRC", Arts V and VI and "Detailed Rules for the Implementation of the Income Tax Law for Chinese-Foreign Joint Ventures in the PRC" Art III;

B. Arts IV and V of the "PRC Income Tax Law for Foreign Companies":

C. Any other special incentive measures adopted by the PRC in its laws after the signing of this agreement in order to promote economic development, which are agreed upon by both governments.

Article XXIV

1. Tax payments or other conditions to which a citizen of one signatory state is subjected in the other signatory state should not be different or heavier than the tax payments or other conditions to which he is subjected or possibly subjected in the first signatory state under similiar conditions. Despite the regulations of Art I, this paragraph is also applicable to people who are not resident of one or both signatory states.

2. The tax burden on the permanent body of a resident enterprise of one signatory state in the other signatory state should not be higher than the tax exacted by the other signatory state on its own enterprises which carry out similar activities.

3. Apart from the regulation of Art IX, Art XI Par 7, or Art XII, Par 6, interest, royalties or other sums paid by an enterprise of one signatory state to a resident of the other signatory state, when assessing the taxable

profits of that enterprise, should be deducted in the same way as in the case of a similar payment under similar conditions to a resident of the first signatory state.

4. If all or part of the capital of an enterprise of one signatory state is directly or indirectly held or controlled by one or several residents of the other signatory state, the tax burden of the said enterprise in the first signatory state should not be different or heavier than the tax burden borne or possibly carried by other similar companies in that signatory state.

5. This article should not be interpreted to mean that all deductions, preferential treatment or tax cuts given by one signatory state in accordance to its law to its own residents should also be given to residents of the other signatory state.

Article XXV

1. When a person considers that measures taken by one or both signatory states are leading or will lead to taxation not in line with this agreement, he may without considering the methods of remedy provided by the domestic laws of the signatory states, take his case to the competent authorities in his country of residence; or if his case comes under Art XXIV, Par 1, he may take his case to the local authorities in the country of which he is a national. The case must be brought up within 3 years from the time when he was first notified of the taxation measures not in line with these regulations.

2. If the above competent authorities consider that the complaint put forward is reasonable, and cannot deal with the problem satisfactorily alone, they should find a way to discuss the problem with the competent authorities in the other signatory state so as to avoid taxation not in line with this agreement. The agreement reached should be carried out, and should not be subject to time restrictions in the laws of either signatory state.

3. The competent authorities in both signatory states should find a solution to difficulties occurring in the implementation of this agreement, and can also discuss the question of eliminating double taxation for which regulations have not yet been made in this agreement.

4. In order to reach the agreements mentioned in Pars 2 and 3, the competent authorities of both signatory states may have direct mutual contact. In order to assist the reaching of these agreements, the competent authorities of both sides may conduct meetings to exchange opinions verbally.

Article XXVI

1. The competent authorities of both signatory states should exchange information necessary for the implementation of this agreement, information on the tax laws of each country (restricted to areas in which domestic taxation laws conflict with this agreement), and information concerning the avoidance of tax loopholes. The exchange of information is not subject to the restrictions of Art I. The information exchanged should be handled as

secret documents, and only be given to those personnel or competent authorities (including courts of law) involved in the inspections, collection or adjudication of appeal concerning the kinds of taxes governed by this agreement.

2. Under no conditions should the regulations of Par 1 be taken to mean that one signatory state has the following duties:

A. the adoption of any administrative measures violating the normal administrative measures carried out under the law of its own or the other signatory state;

B. the provision of information not available under the laws or normal administrative channels of its own or the other signatory state;

C. the provision of information divulging any trade, business, industry, commerce, or professional secrets, or the process of trade, or any information divulging transgression of public order.

Article XXVII

This agreement should not be understood in any way to restrict any tax exemptions, tax cuts or other deductions conferred by the government of one signatory state on the residents of another based on its own laws, or on an agreement between both governments.

Article XXVIII

This agreement should not affect the financial privileges of diplomatic representatives of consular officers according to the general rules of international law, or special agreements.

Article XXIX

1. This agreement will come into effect 30 days from the date on which both signatory states have exchanged diplomatic notes confirming the legal processes necessary in their respective cases to carry out this agreement.

2. This agreement should be in effect:

A. In the PRC;

1) for income earned from 1 January of the year following the effective date of this agreement, or from the tax year following that.

2) for the type of tax similar to business tax levied by the Japanese Government coming under Art VIII Par 2, from 1 January of the year following the effective date of this agreement, or from the tax year following that.

B. In Japan:

for income earned from 1 January of the year following the effective date of this agreement, or from the tax year following that.

Article XXX

This agreement should be in effect for a long time. But either signatory state may, before 30 June of any year 5 years following the effective date of this agreement, inform the opposite side through diplomatic paths that it wishes to terminate the agreement.

In this case, the agreement will cease to be in effect

A. In the PRC:

a) for income earned from 1 January of the year following the notice of termination, or from the start of the tax year following that

b) for the type of tax similar to the business tax levied by the Japanese Government coming under Art VIII, Par 2, from 1 January of the year following the notice of termination, or from the start of the tax year following that

B. In Japan:

for income earned from 1 January of the year following the notice of termination, or from the start of the tax year following that.

The following representatives, with the authority of their respective governments, have signed this agreement as evidence.

This agreement was signed in Beijing on 6 September 1983, with one copy for each party, both written in Chinese, Japanese and English the three versions having the same effectiveness. In case of any dispute in interpretation, the English version shall prevail.

Government of the PRC Representative of the	Government of Japan Representative of the
Wu Xueqian (signed)	Shintaro Abe (signed)

Protocol

When signing the Agreement Between the PRC Government and the Japanese Government on Avoiding Double Taxation and Preventing Tax Evasion (henceforth referred to as "the agreement"), the following representatives agreed that the following stipulations shall become an integral part of the agreement:

1. Despite the stipulations of Art V. Par 5, if an enterprise of one signatory state, through employees or other personnel, provides advisory services in the other signatory state concerning the sale or hire of machinery and equipment, this should not be taken as a permanent body in the other signatory state.

2. The following payments paid or transferred to the account of the head office or other offices of an enterprise by its permanent organization, as in Art VII, Par 3, (with the exception of reimbursements for actual expenses), should not be permitted to be deducted:

A. payments for the use of patents or other royalties, remunerations or similar sums;

B. commissions for specific services or management;

C. the interest on funds lent to the permanent body, unless the enterprise concerned is a bank.

The following representatives, with the authorization of their respective governments, have already signed this protocol as evidence.

This protocol was signed in Beijing on 6 September 1983, with one copy for each party. Each copy has a Chinese, Japanese and English version, all having equal validity. In case of any dispute in interpretation, the English version shall prevail.

Representative of the PRC Government — Representative of the Japanese Government

Wu Xueqian (signed) — Shintaro Abe (signed)

Mr Shintaro Abe Japanese Foreign Minister

Dear Mr Abe:

As representative of the PRC Government, I am happy to confirm the following understanding reached by both sides concerning the Agreement Between the PRC Government and the Japanese Government on Avoiding Double Taxation and Preventing Tax Evasion (hereafter referred to as "the agreement") signed today:

1. It is understood that in Article VIII, Paragraph Two, the "type of PRC tax similar to business tax levied by the Japanese Government" to the unified industrial and commercial tax in the PRC and its additions.

2. The income or tax revenue over which this agreement is in effect, according to Article XXIX, Paragraph Two, and the stipulations concerning avoiding tax losses on international air and sea transportation of 28 Sep 1974 and 10 May 1975 respectively should cease effect.

I am extremely happy to invite your excellency to represent your government in confirming the above agreement.

My greatest respects to your excellency.

PRC State Councillor and Foreign Minister Wu Xueqian (signed)

Beijing, 6 September 1983

The PRC State Councillor and Foreign Minister Wu Xueqian

Dear Mr Wu Xueqian:

I have received your letter today, the contents of which are as follows:

"As representative of the PRC Government, I am happy to confirm the following understanding reached by both sides concerning the Agreement Between the PRC Government and the Japanese Government on Avoiding Double Taxation and Preventing Tax Evasion, (hereafter referred to as "the agreement") signed today:

"1. It is understood that in Article VIII, Paragraph Two, the type of PRC tax similar to business tax levied by the Japanese Government refers to the unified industrial and commercial tax in the PRC and its additions.

"2. The income or tax revenue over which this agreement is in effect according to Art XXIX, Par 2, and the stipulations concerning avoiding tax losses on international air and sea transportation of 28 September 1974 and 10 May 1975 respectively should cease effect.

"I am extremely happy to invite your excellency to represent your government in confirming the above agreement."

I am extremely happy to represent the Japanese Government in confirming the understanding stated in your letter.

My greatest respects to your excellency.

Japanese Foreign Minister Shintaro Abe (signed)
Beijing, 6 September 1983

To PRC State Councillor and Foreign Minister

His Excellency Wu Xueqian:

Concerning the Agreement Between the PRC Government and the Japanese Government on Avoiding Double Taxation and Preventing Tax Evasion signed today, on behalf of the Japanese Government, I respectfully propose that in the above documents in Japanese, Chinese and English, if any dispute arises in interpretation, the English version should prevail.

My greatest respects to your excellency.

Japanese Foreign Minister Shintaro Abe (signed)
Beijing, 6 September 1983

To Japanese Foreign Minister

His Excellency Mr Shintaro Abe

Your Excellency:

I have received your letter of today, with the following content:

"Concerning the note on the Agreement Between the PRC Government and the Japanese Government on Avoiding Double Taxation and Preventing Tax Evasion signed today, on behalf of the Japanese Government, I respectfully propose that in the above documents in Japanese Chinese and English, if any dispute arises in interpretation, the English version should prevail."

On behalf of the PRC Government, I agree with the proposal stated in your letter.

My greatest respects to your excellency.

PRC State Councillor and Foreign Minister Wu Xueqian (signed)

Beijing, 6 September 1983

TEXT OF PRC-UK ACCORD ON DOUBLE TAXATION, TAX EVASION

Beijing STATE COUNCIL BULLETIN in Chinese No 20, 10 Sep 84 pp 658-701

[Agreement between the PRC Government and the Government of the United Kingdom of Great Britain and Northern Ireland on mutually avoiding double taxation and preventing tax evasion concerning income and gain from property (Note: The Chinese Government has carried out the processes of law necessary to put this agreement into effect.)]

[Text] The Government of the PRC and the Government of the United Kingdom of Great Britain and Northern Ireland have willingly concluded the following agreement on mutually avoiding double taxation and preventing tax evasion concerning income and gain from property:

Article I

The Scope of Persons

The agreement applies to residents of one or both of the signatory states.

Article II

The Scope of Types of Tax

1. The agreement applies to the following types of tax:

A. In the PRC:

1. personal income tax;
2. joint Chinese-Foreign enterprise income tax (including additional local income tax);
3. foreign enterprise income tax (including local income tax); (henceforth referred to as "Chinese tax revenue")

B. In the United Kingdom of Great Britain and Northern Ireland:

1. income tax;
2. company tax;
3. tax on gains from property. (henceforth referred to as "United Kingdom tax revenue")

2. The agreement also applies to similar tax revenues added to or replacing those in Art I after the date on which the agreement is signed. The authorities concerned in the signatory states will inform the opposite side of any changes in their taxation laws within an appropriate time after those changes are made.

Article III

General Definitions

1. In this agreement, except when otherwise explained:

A. "China" refers to the People's Republic of China and includes the whole of the territory of the People's Republic of China subject to Chinese tax revenue, territorial waters, and all those areas outside its territorial waters, including seabeds, which have been designated under international law as being part of the jurisdiction of the PRC and subject to Chinese tax revenue.

B. "United Kingdom" refers to the Great Britain and Northern Ireland and includes other areas outside the United Kingdom which have already been indicated or will later be indicated by international law, including seabeds and their natural resources in accordance with the law of the United Kingdom related to the continental shelf and areas under the jurisdiction of the United Kingdom and subject to United Kingdom tax revenue;

C. "The signatory state" and "the other signatory state," in this document, refer to the PRC or the United Kingdom;

D. "National citizen" refers to:

1. in PRC, according to Chinese law, it refers to all individuals of Chinese nationality or any other legal persons, partnership enterprises, associations and other entities acquiring Chinese citizenship;
2. in the United Kingdom, it refers to all individuals who are in the position of being United Kingdom subjects according to the law of the United Kingdom and any individual who has the right of residence in the United Kingdom; and any legal persons, partnership enterprises, associations, and other entities which acquire the status of being United Kingdom subjects according to the law of the United Kingdom.

E. "Person" refers to individuals. companies or other groups;

F. "Company" refers to any corporation or other entity which is treated as a corporation in terms of tax revenue;

G. "Signatory state enterprise" and "other signatory state enterprise" refer respectively to an enterprise run by residents of one or other signatory state;

H. "International transport" refers to transportation by ships or airplanes by any enterprise which has a practical administrative and managerial organization and does not include transportation by ship or airplane between the regions of the other signatory state;

I. "Competent authorities" in the PRC, refers to the Ministry of Finance or its authorized representative; in the United Kingdom, it refers to its internal receiving bureau and its authorized representative.

2. When a signatory state is putting this agreement into effect, in the case of wording which has not been clearly defined in this agreement, other than that explained elsewhere in this document, it should be regarded as having the meaning implied in the taxation laws and regulations of the signatory state.

Article IV

Resident

1. In this agreement, "residents of the signatory state" refer to all people subject to taxation in the signatory state, whether by dint of dwelling, residence, or the existence of a head office or main office in that state or other similar criteria according to the law of that signatory state.

2. In the case of an individual who according to Par 1 of this article is a resident of both signatory states, his identity should be defined according to the following regulations:

A. He should be regarded as a resident of the state where he has a permanent dwelling place, if the individual has a permanent place in both states, he should be regarded as the resident of the state where he has closer personal and economic relationship (important interest center);

B. If the state where he has an important interest center cannot be determined, or if he has permanent dwelling place in neither signatory state, he should be regarded as a resident of the signatory state where he has a habitual dwelling place;

C. If he has no habitual dwelling place in either signatory states, he should be regarded as a resident of the state where he is a national citizen;

D. If an individual is simultaneously a national citizen of two states or is not a national citizen of any state, the competent authorities of both signatory states must settle this question through consultation.

3. In accord with Par 1 of this article, except for an individual, any person who is a resident of both signatory states, should be regarded as a resident of the state where the practical administrative organization that the person operates is situated. However, if the person sets up his or her practical business administrative organization in one signatory state and sets up a general organization in the other signatory state, the competent authorities of both signatory states should define through consultation that company as the resident of one signatory state of this agreement.

Article V

Permanent Body

1. In this agreement, "permanent body" refers to a fixed place in which an enterprise carries out all or part of its business.

2. "Permanent Body" includes in particular;

A. place of management;

B. a branch organization;

C. office;

D. factory;

E. place of work;

F. mine, oilwell or gaswell, quarry, or other places for the extraction of natural resources.

3. Only construction sites, buildings, assembly or installation projects which continue for more than 6 months are regarded as permanent bodies.

4. "Permanent bodies" though so designated above, do not include the following:

A. facilities set up especially for the storage, display or transfer of goods belonging to the enterprise concerned;

B. warehouses set up especially for the storage, display or transfer of the enterprise's goods;

C. warehouses set up especially for the purpose of storing the enterprise's goods or products to be processed for another enterprise;

D. fixed business places set up for the purpose of purchasing an enterprise's goods or commodities, or collecting information;

E. fixed places of business set up for the sole purpose of carrying out an enterprise's preparatory or supplementary activities;

F. fixed business places set up especially for the purpose of the combination of activities from pars A to E of this article, if because of this combination, it enables the total activities of that fixed business place to be of a preparatory and supplementary nature.

5. Over and above the stipulations of pars 1 and 2, apart from the independent agents to whom Par 6 applies, when a person carries out activities in an enterprise representing a signatory state in the other signatory state and has the power to often sign contracts on behalf of the

enterprise must be regarded as a permanent body of the said enterprise in the other signatory state. Unless this person's activities are limited to within the regulations or Par 4, that is, that they are carried out within a fixed place of business, then according to the stipulation of Par 4, this fixed place of business should not be regarded as a permanent body.

6. If an enterprise of one signatory state only employs a broker, ordinary agent paid by brokerage free, or any other independent agent, to carry out its business in the other signatory state, it should not be regarded as having a permanent body in the other signatory state. However, if this agent entirely or nearly entirely represents the enterprise in his activities, he should not be regarded as an independent agent as defined by this paragraph.

7. If a company resident in one signatory state controls or is controlled by a company resident in the other signatory state, or any other company doing business in the other signatory state (whether or not this is a permanent body), this cannot be taken as evidence that either company has a permanent organization in the other signatory state.

Article VI

Income from Real Estate

1. Income derived by a resident of one signatory state from real estate in the other signatory state can be taxed by the other signatory state.

2. "Real estate" should have the meaning implied in the regulations of the country in which the real estate is situated. Under any conditions, this meaning should include assets, livestock and equipment for agricultural and forestry use, all rights generally designated by law to apply to nonfixed income from the tapping of mineral deposits, water resources and other natural resources. Ships and airplanes should not be treated as real estate.

3. The stipulations of Par 1 apply to income derived from direct use, hiring or other forms of use of real estate.

4. Stipulations in pars 1 and 3 also apply to income from real estate belonging to enterprises and income from real estate used to carry out independent activities.

Article VII

Business Tax

1. Profits from an enterprise of one signatory state should only be taxed by that state, with the exception of cases in which the enterprise carries out business in the other state through a permanent body located there. If this is the case, the profits thus gained may be taxed by the other state, but taxation will be limited only to profits gained by the permanent body.

2. In accordance with Par 3 of these regulations, when an enterprise of one signatory state carries out business in the other signatory state through a permanent body stationed there, if this permanent body is an independent separate enterprise carryingout the same or similar activities under the same or similar conditions and if it entirely independent to carry out transactions with the enterprise to which it is subordinate, the income earned by the permanent body should be regarded as belonging to the permanent body wherever it is situated.

3. When ascertaining profits gained by the permanent body, it must be permitted to deduct from the total figure all expenses incurred in doing business, including administration and general management costs, whether these arise in the country in which the permanent body is situated or anywhere else. However, (with the exception of repayment for the expense that has actually incurred by the permanent body and paid by the general office or other offices of the enterprise), no deduction is allowed for the royalty, remuneration or other similar payments that a permanent body pays to the head office or other offices of the enterprise for the use of patents or other rights, the commission and technical service charge that it pays them for actual service or management or interest that it pays them for their loans (except if the enterprise is a bank). Similarly, in ascertaining the profits of a permanent body, no account will be taken of the royalty, remuneration or other similar payments that the head office or other offices of the enterprise pay for the use of patents or other rights, the commission and technical service charge that they pay for actual service or management or the interest that they pay for its loans (except if enterprise is a bank), (with the exception of repayment for expenses that they have actually incurred and that it has paid for them).

4. Profits should not be attributed to a permanent body simply because that body carries out the purchase of goods or commodities for the enterprises.

5. If profits include income covered in regulations independent of this agreement, this agreement should not influence those other regulations.

Article VIII

Sea and Air Transportation

1. Profits earned by an enterprise through international sea or air transportation should only be taxed by the signatory state where the actual management and administrative organization of the enterprise is situated.

2. If the actual management and administrative organization of a shipping enterprise is on a ship, the signatory state where the mother port of the ship is situated should be regarded as the country where the enterprise is situated; or if the ship has no mother port, the signatory state where the ship manager is a resident should be regarded as the state where the enterprise is situated.

3. The stipulations of this article also apply to profits gained from participation in partnerships and joint ventures or participation in international business organizations.

Article IX

Associated Enterprises

A. If a signatory state enterprise directly or indirectly participates in the management, control or financing of an enterprise in the other signatory state, or

B. if a person participates directly or indirectly in the management, control or financing of an enterprise in each signatory state,

under either of these conditions, the commercial or financial relations between the two enterprises concerned are different from the relations between two independent enterprises, and therefore, if an enterprise due to this situation fails to earn profits it would otherwise have earned, these profits should go to the other enterprise and it should be taxed for them.

Article X

Dividends

1. If a company resident in one signatory state pays dividends to a resident in the other signatory state, these dividends may be taxed by the other signatory state.

2. However, these dividends can also be taxed by the signatory state where the company that pays the dividends is a resident, in accordance with the law of that state. But if the beneficiary of this dividend is a resident of the other signatory state, the sum taxed should not exceed 10 percent of the total sum of the dividend.

3. In this article, the word "dividends" should have the same definition as that in the tax laws of the signatory state in which the company that pays the dividend is a resident and should include any income that the tax laws regard as dividend or distribution.

4. The stipulations of Par 4 in this article should not affect the company profit tax exacted from the company before it pays its dividends.

5. If the beneficiary of dividends is a resident of one signatory state, and carries out business in the other signatory state where the company paying dividends is a resident, a permanent body established in the other signatory state, or is involved in independent individual business through a fixed base established in the other signatory state, and has actual contacts with that permanent body or fixed base on the basis of payment of dividends on shares, it is not subject to the stipulations in pars 1 and 2 in this article. Under these conditions, it should be subject, according to actual conditions, to the stipulations in Art VII or Art XV.

6. If a company resident in one signatory state gains profits or income from the other signatory state, the said other state should not exact any taxation on the dividends paid by the company. However, this ruling does not apply in the case of dividends paid to residents of the other state or in the case of a company having actual contacts with permanent bodies or fixed bases in the other state based on shares on which dividends are paid. In the case of profits not yet distributed to the company, this is, when profits or income from dividends paid or profits not yet distributed occur wholly or partially in the other signatory state, they should not be taxed by the other state.

Article XI

Interest

1. Interest which occurs in one country and is paid to a resident of the other signatory state may be taxed in the other state.

2. However, this interest can also be taxed by the signatory state in which the interest it occurs, according to the laws of that state. But if the beneficiary of the interest is a resident in the other signatory state, the amount of tax should not exceed 10 percent of the total sum of interest.

3. In spite of the regulations of Par 2, in the case of interest arising in one signatory state and gained by the government, administrative regions, local authorities or central bank of the other signatory state or by any organizations of the government of that other signatory state, or interest gained by other residents of the said other signatory state whose lending has been funded, guaranteed or insured by the government, administrative regions, local authorities, or central bank of the other signatory state, or by any organization of the government of that other state, this interest should be tax-free in the said signatory state.

4. "Interest" in this article refers to income from all type of debenture, whether or not it has mortgage guarantees or whether or not it enjoys profits from debtors; in particular income from debentures, government bonds, or credit debentures, including excess value and bonuses. But it does not refer to any income that is regarded as distribution by the regulations of Art X of this agreement.

5. If the beneficiary of interest is the resident of one signatory state, and the interest arises in the other signatory state, if business is carried out by a permanent organization in the other state or individual business is carried out from a fixed base in the other state, and the business has actual contacts with the said permanent body or fixed base on the basis of creditor's rights over the said interest, the regulations of pars 1 and 2 do not apply. Under these conditions, the regulations of Arts VII or XV should apply, depending on concrete conditions.

6. If the person paying interest is the government, administrative regions or local authority of a signatory state or is a resident of that state, the interest should be considered to have occurred in that state. However, when

the payer of the interest, whether or not he is a citizen of the signatory state, has a permanent body or fixed base in the signatory state, and debt liabilities for the interest are connected with the permanent body or fixed base, then the above interest should be considered to have occurred in the signatory state in which the permanent body or fixed base is located.

7. If, due to special relations between the payer of interest and the beneficiary or between them and other people, the amount of interest paid exceeds, regardless of the reasons, the amount which the payer and the beneficiary could agree upon if it were not for the above relations, the regulations of this article should only apply to the latter amount. Under these conditions, tax should be exacted by the signatory state on this excess amount, but appropriate consideration should be given to other regulations of this agreement.

Article XII

Royalties

1. Royalties arising in one signatory state but paid to a resident of the other state may be taxed by the other signatory state.

2. However, these royalties can also be taxed in the first signatory state according to its laws. But if the beneficiary of the royalties is a resident of the other signatory state, the amount taxed should not exceed:

A. ten percent of the total amount of royalties in the case referred to in Clause A in Par 3 of this article.

B. ten percent of the readjusted total amount of royalties in the case referred to in Clause B in Par 3 of this article. In that case, the "readjusted amount" refers to 70 percent of the total amount of the royalties.

3. "Royalties" in this article refers to:

A. various kinds of payments for the use or the right to use cultural, artistic, or scientific works, including films, the publishing rights of films and tapes used in radio and television broadcasts, patents, patented technology, registered trademarks, designs, prototypes, blueprints, or secret recipes and processes;

B. various kinds of payments for the use or right to use industrial, commercial or scientific equipment.

4. If the beneficiary of these royalties is a resident of one signatory state, when these royalties arise in the other signatory state, if actual relations exist with the payee of the royalties through permanent bodies or fixed bases in the other signatory state doing independent business on the basis of the royalties that they pay for the use of right or properties, then pars 1 and 2 do not apply. Under these conditions, arts VII or XV should apply, depending on concrete conditions.

5. If the payer of the royalties is the government, administrative regions, local authorities or residents of one signatory state, these royalties should be considered to arise in this signatory state. However, if the payer of the royalties, whether or not he is a resident of the signatory state, has a permanent body or fixed base in that signatory state, and the payment of the royalties is related to this permanent body or fixed base, and these royalties are paid by the body or base, the royalties should be considered to have arisen in the signatory state in which the permanent body or fixed base is located.

6. If due to special relations which exist between the payer of the royalties and the beneficiary or with other people, the amount paid for royalties exceeds, regardless of the cause for this, the amount which the payer and the beneficiary would agree to were it not for the special relations, the regulations of this article should only be applied to the latter amount. Under these conditions, the excess part of the sum should still be taxed according to the laws of the respective signatory state but attention must be paid to the other regulations of this agreement.

Article XIII

Technical Fees

1. Technical fees arising in one signatory state but paid to a resident in the other signatory state may be taxed in the other state.

2. However, this technical fee can also be taxed in the signatory state where it occurs in accordance with the law of that state. But, if the beneficiary of this technical fee is a resident of the other signatory state, then the amount taxed should not exceed 10 percent of the readjusted amount of the technical fee. In this paragraph, the readjusted amount refers to 70 percent of the total amount of technological fee.

3. "Technical fee" in this article refers to the amount paid to any person for technology, supervision, management and advisory service, including the amount paid for the use or the right to use information concerning industry, commerce and scientific experiences. But this does not include the amount paid to those employed to do nonindependent business which is referred to in Art XVI.

4. If the beneficiary of the technical fee is a resident of one signatory state but the technical fee occurs in the other signatory state, if the business related to the fee is through a permanent body established in that other signatory state or through a fixed base that is established in that other state and that carries out independent business and if the technical fee is directly related to that permanent body or fixed base, it is not subject to the regulations of pars 1 and 2 of this article. Under these conditions, the regulations of Arts VII or XV should apply, depending on concrete conditions.

5. If the payer of the technical fee is the government, administrative regions, local authority or resident of one signatory state, we should regard the technical fee as arising in that state. However, if the payer of the technical fee, whether or not he is a resident of that signatory state has established a permanent body or fixed base in that signatory state and if the obligation for paying the technological fee is related to and borne by that permanent body or fixed base, the above-mentioned technical fee should be regarded as occurring in the state where the permanent body or fixed base is situated.

6. If due to special relations between the payer and the beneficiary or between them and other people, the amount paid for technical fee exceeds, regardless of the reasons, the amount that the payer and beneficiary would agree to were it not for these special relations, the regulations of this article apply only to the latter amount. Under these conditions, the excess part of the sum should still be taxed according to the laws of the respective signatory state, but attention must be paid to the other regulations in this agreement.

Article XIV

Gains From Properties

1. Except when Par 2 of this article is applicable, income derived from properties in one signatory state may be taxed by that state in accordance with the laws of that state.

2. Income derived from the sale of ships or planes involved in international transportation, or the sale of assets outside the fixed assets which are part of the business of the above-mentioned ships and airplanes, should only be taxed in the signatory state where the actual managerial and administrative organization of the enterprise is situated.

Article XV

Activities of Independent Individuals

1. Except when the regulations of Art XIII are applicable, income derived by a resident of one signatory state from specialized business or other independent activities should be taxed by that state. However, the above-mentioned income may be taxed in the other signatory state under the following conditions:

A. the said resident has established in the other signatory state a permanent body or fixed base for the purpose of carrying out the above activities. Under these conditions, the other state may exact taxes on the income from the fixed base; or

B. during the relevant accounting year, the said resident has stayed in the other signatory state, continuously or not, for over 183 days. Under these conditions, the said other state may exact taxes on the resident's activities in that state.

2. "Specialized business" embraces in particular independent scientific, cultural, artistic, educational, or teaching activities, along with independent activities carried out by doctors, lawyers, engineers, construction engineers, dentists or accountants.

Article XVI

Activities of Nonindependent Individuals

1. Where Arts XVII, XIX, XX, XXI, XXII do not apply, salaries, wages, and other remunerations earned by residents of one signatory state through employment, apart from those derived from employment in the other signatory state, should only be taxed in the first signatory state. If a resident of one signatory state is employed and earns remuneration in the other state, he may be taxed in the other state.

2. Despite the regulations of Par 1 of this article, remunerations received by the resident of one signatory state through employment in the other signatory state, if they comply with the three following conditions, should only be taxed by the first signatory state:

A. the payee has spent a total of less than 183 days in the other signatory state during the accounting year in question;

B. the said remuneration is not paid by an employer of the other signatory state or its representative; and

C. the said remuneration is not paid by a permanent body or fixed base of the employer in the other signatory state.

3. Despite the regulations of pars 1 and 2, remunerations received through employment in an enterprise of one signatory state which is involved in international air or sea transportation, may be taxed by the first signatory state.

4. Despite the regulations of pars 1 and 2 in this article, the salaries, wages and other similar remunerations earned by the national citizens of one signatory state through providing service for an enterprise of that signatory state that carries out business related to international air transportation planes or earned by these national citizens as officials or staff members sent by the state to the other signatory state, they should be taxed in the first signatory state.

Article XVII

Director's Fees

Director's fees and other similar payments received by the resident of one signatory state through being a member of a board of directors of a company resident in the other signatory state may be taxed by the other signatory state.

Article XVIII

Actors and Sportsmen

1. Despite the regulations of Arts XV and XVI, income derived by an individual of one signatory state through being an actor, such as a play actor, film actor, radio or television actor, or other artist, musician or sportsperson, in the other signatory state, may be taxed by the other signatory state.

2. Despite the regulations of Arts VII, XV and XVI, income that is derived by actors or sportspersons from their personal activities that does not belong to the actor or sportsperson himself but to other people may be taxed by the signatory state in which the actor or sportsperson carry out the above-mentioned activities.

3. Despite the regulations of pars 1 and 2 of this article, if the income is derived from the activities mentioned in Par 1 as a result of a cultural agreement between the two signatory states and if it is derived from a visit to a signatory state which is entirely or in essence funded by public or government funds of any of the signatory state, the income should be tax free in the signatory state where the above-mentioned activities are carried out.

Article XIX

Pensions

Where Par 2 of Art XX does not apply, pensions or other similar remunerations given to a resident of one signatory state in respect of previous employment should only be taxed by that signatory state.

Article XX

Government Employees

1. A. Remunerations given by the government, administrative regions or local authorities of one signatory state to an individual that serves them should be taxed only by that state.

B. However, if the service for which the employee is paid is carried out in the other signatory state, and the individual involved is a resident of the other signatory state, and if that resident:

1) is a national citizen of that state; or

2) is not only a resident of that signatory state by virtue of carrying out the said service, the said remuneration should only be taxed by the other signatory state.

2. A. Retirement pay given to an individual after he has carried out services by the government, administrative regions, or local authorities of one signatory state should only be taxed by that signatory state.

B. However, if the person providing the services is a resident of the other signatory state, and is its national citizen, then the retirement pay should only be taxed in the other signatory state.

3. The regulations of arts XVI, XVII, XVIII and XIX should apply to all remunerations and retirement pay gained from services rendered to the business carried out by the government, administrative regions, or local authorities of one signatory state.

Article XXI

Teachers and Research Workers

Any person who is, before coming directly to one signatory state, the resident of the other signatory state, if he resides temporarily in the first signatory state with the aim of being involved in teaching, giving lectures or carrying out research in a university, college, school or other officially recognized educational or scientific research institute in the first signatory state, if he stays no longer than 3 years from his first trip to that state, any remunerations he received for his teaching or research work should be tax-free in that state.

Article XXII

Students, Apprentices and Trainees

1. If student, enterprise apprentice or trainee is or was, before coming directly to the signatory state, the resident of the other signatory state, and only stays in the first signatory state for the purpose of receiving education or training, the first signatory state should grant them tax exemption on the following:

A. the money he receives from outside the state for the sole purpose of living, receiving the education or training;

B. the scholarship, donation, subsidies and prizes that he receives from government, charitable, scientific, cultural or educational organizations for the purpose of living and receiving the education or training;

C. income derived from employment as on individual in that signatory state (except the labor service that an enterprise apprentice provides to the person or partnership enterprise with which he serves the apprenticeship and except the labor service that a trainee provides the person who provides the training) if the total amount of the income does not exceed £1,000 or the equivalent in RMB in a year of assessment.

2. The tax exemption stipulated in Par 1 of this article should only continue for a rational or usual length of period that is necessary for the completion of the education training. A person should not enjoy the preferential treatment of Par 1, 5 years after the beginning of the education or training.

Article XXIII

Exemption From Double Taxation

1. In China, double taxation will be exempted in the following cases:

A. When a PRC resident earns profits, income, or gains from properties, the tax that he pays into the tax revenue of the UK on the said profits, income or gains from properties should be allowed to be deducted from the amount of tax that the PRC exacts on this resident. However the amount deducted should not exceed the amount that is exacted on the said profits, income, or gains from properties according to the calculation of the tax law and regulations of China.

B. If the income derived from the UK is the dividend that a UK resident company pays a PRC resident company and at the same time, if the said PRC resident company holds not less than 10 percent of the shares for which the dividend is paid, in carrying out the above-mentioned deduction, consideration should be given to the tax that the company paying the dividend pays to the UK on the profits out of which the dividend is paid.

2. Subject to the regulations of the law of the UK on the deduction from the tax to be paid in the UK of the tax paid in areas outside the UK (the regulations of the said law should not affect the following general principles):

A. According to this agreement, any amount taxed in accordance with Chinese law on profits, income or gains from properties derived from China, whether paid by direct payment or deduction at the sources, (not including the tax paid on profits out of which dividend is paid in the case of the income being dividend) should be allowed to be deducted from the tax exacted by the UK on the said profits, income, or gains from properties on which tax is computed in China.

B. In the case that a Chinese resident company pays dividends to a UK resident company and at the same time the latter company directly or indirectly holds at least 10 percent of the right of voting in the said dividend-paying company, this deduction should take into account the tax that the dividend-paying company pays into Chinese tax revenues on the profits out of which the dividends are paid.

3. "Payment into Chinese tax revenues" in Par 2 of this article should refer to the amount of tax that may be exacted in any year, but can be exempted or reduced in accordance with the following regulations of Chinese law:

A. 1. "Income Tax Law for Chinese-Foreign Joint Ventures in the PRC," Arts 5 and 6, and "Detailed Rules for the Implementation of the Income Tax Law for Chinese-Foreign Joint Ventures in the PRC" Art 3;

2. arts 4 and 5 of the "PRC Income Tax Law for Foreign Companies";

as long as after this agreement is signed, the above-mentioned laws remain in effect and have not been revised or are only revised in minor aspects that do not affect their general nature; or

B. other regulations that may be formulated in the future and that are agreed upon by responsible authorities of both signatory states and are of similar nature in providing tax exemption and reduction, if the said regulations are not revised afterward or if only minor aspects of the said regulations are revised and the revision does not affect the general nature of the regulations.

If the said income occurs over 10 years after the beginning of the granting of Chinese tax exemption or reduction on the source of the said income, no preferential treatment concerning tax will be given by the UK in accordance with this article.

4. In pars 1 and 2 of this article, the profits, income, or gains from properties that are earned by a resident of one signatory state and that may be taxed in the other signatory state, should be regarded as occurring in the other signatory state.

5. Where the taxed profits of an enterprise of one signatory state is included in the figure of profits of an enterprise of the other signatory state and the part of the profits included ought to be included in that of the enterprise of the other signatory state and where the conditions formulated between the two enterprises are for transactions between independent enterprises under normal conditions, the amount included in the profits of both enterprises should be regarded by this article as the income that the enterprise of the said signatory state earns from the other signatory state and should enjoy tax deduction in accordance with pars 1 and 2 of this article.

Article XXIV

No Discrimination

1. Tax payments or other conditions undertaken by a national citizen of one signatory state in the other signatory state should not be different or heavier than the tax payments or other conditions undertaken or possibly undertaken by a national citizen of the other signatory state under similar conditions.

2. The tax burden on the permanent body of a resident of one signatory state in the other signatory state should not be higher than the tax exacted by the other signatory state on its own enterprises which carry out similar activities.

3. If all or part of the capital of an enterprise of one signatory state is directly or indirectly held or controlled by one or several residents of the other signatory state, the tax burden of the said enterprise in the first signatory state should not be different or heavier than the tax burden that is carried or maybe carried by other similar companies in that signatory state.

4. Where Art IX, Art XI Par 7, Art XII Par 6 and Art XIII Par 6 do not apply, interest, royalties, technical charges or other sums paid by an enterprise of one signatory state to a resident of the other signatory state, when assessing the tax that should be exacted on the profits of the said enterprise, should be deducted in the same way as in the case of a similar payment under similar conditions to a resident of the first signatory state.

5. This article should not be understood to mean that all deductions, preferential treatment or tax cuts given by one signatory state to its own residents should also be given to residents of the other signatory state.

Article XXV

Procedures of Mutual Consultation

1. When a resident of one signatory state considers that measures taken by one or both signatory states are leading, or will lead, to taxation not in line with this agreement, he may take his case to the competent authorities in his country of residence without considering the methods of remedy provided by the domestic laws of the two states.

2. If the above competent authorities consider that the complaint put forward is reasonable, and cannot deal with the problem satisfactorily alone, they should find a way to discuss the problem with the competent authorities in the other signatory state so as to avoid taxation not in line with this agreement.

3. The competent authorities in both signatory states should find a solution to difficulties occurring in explaining or implementing this agreement.

4. In order to reach the agreements mentioned in pars 2 and 3 of this article, the competent authorities of both signatory states may have direct mutual contacts.

Article XXVI

Exchange of Information

1. The competent authorities of both signatory states should exchange information necessary for the implementation of this agreement that both signatory states need about the domestic laws concerning the kinds of taxes involved in the agreement (restricted to areas in which domestic taxation laws conflict with this agreement) and in particular information concerning the prevention of fraud and the avoidance of tax loopholes. The exchange of information is not subject to the restriction of Art I. The information exchanged should be handled as secret documents, and only be given to those personnel or competent authorities (including courts of law and government administrative departments) which are involved in the inspection, collection, implementation, prosecution or adjudication concerning the kinds of taxes governed by this agreement. The above-mentioned personnel or

authorities should use the said information only for the above-mentioned purpose, but they may disclose the relevant information in public prosecution procedures or adjudication of courts.

2. Under no conditions should the regulations of Par 1 of this article be taken to mean that the responsible authorities of any of the signatory states have the following duties:

A. the adoption of any administrative measures violating the normal administrative measures carried out under the law of its own or the other signatory state;

B. the provision of information not available under the laws or normal administrative channels of either signatory state;

C. the provision of information divulging any trade, business, industry, commerce, or specialist secrets, or the process of trade, or any information divulging transgression of public orders.

Article XXVII

Diplomatic Representatives and Consular Officials

1. This agreement should not affect the financial privileges of diplomats or officials of permanent embassies or consulates which are provided by the general rules of international law or by specific agreements.

2. Despite the regulations of Par 1 Art IV, an individual who is a diplomat, or a member of a permanent embassy or consulate of one signatory state or a third state to the other signatory state should not be regarded as a resident of the said other signatory state only on the ground that the income that he derives from a source in the said other state is taxed in that state.

Article XXVIII

Existing Agreements

This agreement does not affect the regulations of the agreement on mutually avoiding double taxation concerning the income of air transport enterprises which was signed by the PRC Government and the Government of the United Kingdom of Great Britain and North Ireland in Beijing on 10 March 1981, and can also apply to the scope covered by the above-mentioned agreement. But whenever a regulation of this agreement provides more preferential treatment on the above-mentioned taxes, that regulation should apply.

Article XXIX

Coming Into Effect

Each signatory state should inform the other after it has implemented the legal procedures necessary for the agreement to come into effect. This agreement will come into effect 30 days from the date when the later state issues such notification. This agreement should be in effect:

A. in China, for profits, income and gains from properties that occurs from 1 January of the year following the effective date of this agreement or the tax years following that;

B. in the United Kingdom:

1. for the income tax and property gains tax in the years of assessment beginning on 6 April or in the year following the year in which this agreement comes into effect:

2. for the corporation tax in the accounting years that begin on 1 April or a later date in the year following the year in which this agreement comes into effect.

Article XXX

Expiration

This agreement should be in effect for a long time. But either signatory state may, before 30 June of any year 5 years following the effective date of this agreement inform the opposite side through diplomatic channels that it wishes to terminate the agreement.

Under such circumstances, this agreement will cease to be in effect concerning:

A. in China, the profits, income, and gains from properties earned in the tax year that starts from 1 January or any later date in the year following the year of the notice of termination;

B. in the United Kingdom:

1. the income tax and property gains tax in the year of assessment beginning on 6 April or a later date in the year following the year in which the notice of termination is given;

2. the corporation tax in the accounting years that begins on 1 April or a later date in the year following the year in which the notice of termination is given.

The following representatives, with the authority of their respective governments, have signed this agreement as evidence.

This agreement is signed in Beijing on 26 July 1984, one copy for each party, both written in Chinese and English, the two versions having the same effectiveness.

Representative of the Government of the PRC	Representative of the Government of the United Kingdom of Great Britain and Northern Ireland
Tian Yinong (signed)	Evans (signed)

CSO: 4005/471

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14 MARCH 85